



Atari Corporation  
1196 Borregas Avenue  
Sunnyvale, CA 94089-1302



1990 THIRD QUARTER  
REPORT

## President's Message

Net income was \$3.0 million or \$.05 per share on sales of \$89.1 million for the quarter ended September 30, 1990. This compares with a loss of \$5.4 million or \$.09 per share on sales of \$81.4 million for the quarter ended September 30, 1989.

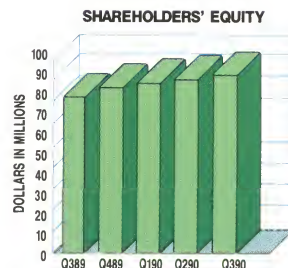
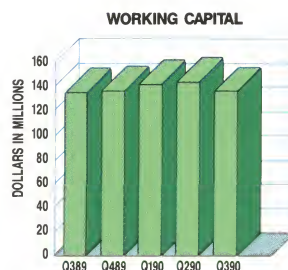
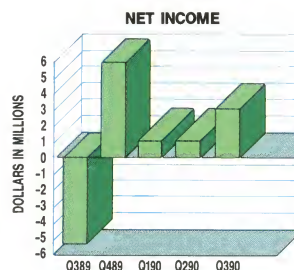
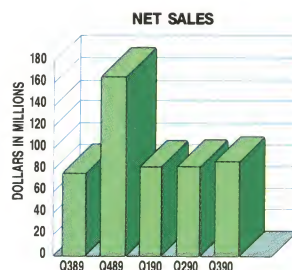
Net income was \$6.1 million or \$.11 per share on sales of \$260 million for the nine months ended September 30, 1990. This compares with a loss of \$1.8 million or \$.03 per share on sales of \$253 million for the nine months ended September 30, 1989.

During the third quarter of 1990, the Company repurchased \$10.5 million face value of its 5¼% convertible subordinated debentures resulting in an extraordinary credit of \$6.9 million. There was no tax effect associated with this transaction. In addition, during the third quarter of 1990 the Company made additional inventory reserves.

The Atari TT030™ based on the Motorola™ 68030 microprocessor, which started shipping during the third quarter, has been well received. In addition, the Company is shipping an additional 9 software titles for Lynx™ its color hand held video game system. For the Christmas season, a total of 17 titles will be available for Lynx at retail level.



Sam Tramiel, *President*



# ATARI CORPORATION

## Consolidated Balance Sheets

(IN THOUSANDS)  
(Unaudited)

	Sep. 30, 1990	Sep. 30, 1989		Sep. 30, 1990	Sep. 30, 1989
<b>ASSETS</b>			<b>LIABILITIES AND SHARE- HOLDERS' EQUITY</b>		
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES:</b>		
Cash and equivalents	\$ 16,108	\$ 32,607	Notes payable	\$ 26,625	\$ 37,218
Trade receivables (less allowance: 1990, \$4,075; 1989, \$2,523)	84,258	79,907	Accounts payable	68,226	52,211
Inventories	174,337	152,702	Net current liabilities of discontinued operations	12,595	22,274
Prepaid expenses and supplies	5,085	7,648	Income tax payable	116	2,056
Other current tax assets	1,352	11,113	Accrued liabilities	35,764	34,350
Total current assets	281,140	283,977	Total current liabilities	143,326	148,109
<b>PROPERTY, net</b>	13,932	13,086	<b>LONG-TERM OBLIGATIONS</b>	68,586	77,165
<b>OTHER ASSETS</b>	9,477	9,055	<b>SHAREHOLDERS' EQUITY:</b>		
<b>TOTAL</b>	\$ 304,549	\$ 306,118	Common stock, \$.01 par value—authorized, 100,000,000 shares; (outstanding: 1990, 57,735,663; 1989, 57,662,443)	577	577
			Additional paid-in capital	143,500	143,270
			Notes receivable from sale of common stock	(635)	(1,159)
			Accumulated deficit	(49,852)	(61,725)
			Accumulated translation adjustments	(953)	(119)
			Total shareholders' equity	92,637	80,844
			<b>TOTAL</b>	\$ 304,549	\$ 306,118

# ATARI CORPORATION

## Condensed Consolidated Statements of Income

(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(Unaudited)

	Quarter Ended		Nine Months Ended	
	Sep. 30, 1990	Sep. 30, 1989	Sep. 30, 1990	Sep. 30, 1989
NET SALES:	\$ 89,146	\$ 81,444	\$ 259,588	\$ 252,960
(Loss) before income taxes and extraordinary item	(3,469)	(6,575)	(267)	(2,697)
Provision for income taxes	386	(1,180)	515	(917)
(Loss) before extraordinary item	(3,855)	(5,395)	(782)	(1,780)
Extraordinary item	6,858	—	6,858	—
Net income (loss)	\$ 3,003	\$ (5,395)	\$ 6,076	\$ (1,780)
EARNINGS PER COMMON AND EQUIVALENT SHARE:				
Net (loss) before extraordinary item	\$ (0.07)	\$ (0.09)	\$ (0.01)	\$ (0.03)
Net income (loss)	\$ 0.05	\$ (0.09)	\$ 0.11	\$ (0.03)
Number of shares used in the computation	57,753	57,624	57,831	57,653

This report was created on an Atari desktop publishing system (Atari DeskSet™ II software using the MEGA ST4™ MEGAFILE 44™ and SLM804™), then typeset on an AGFA Compugraphic MCS™ 8400 using G.O. Grapics' Typesetter Driver Option™ card interface.

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